



(Incorporated in the Republic of Singapore on 20 October 2010)
(Company Registration Number 201022364R)

RESPONSES TO QUERIES RAISED BY THE SGX-ST

The Board of Directors (“**Board**”) of Libra Group Limited (“**Company**” and together with its subsidiaries, “**Group**”) wishes to set out its response to the following queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) received on 10 September 2021 in relation to the Company’s announcement dated 8 September 2021 titled “Binding Letter of Intent With Respect to Proposed Investment Into Libra Group Limited” (“**LOI Announcement**”) and the announcement dated 8 September 2021 titled “Announcement of Cessation of Non-Executive Independent Director”. Unless otherwise defined, all capitalised terms used herein shall have the same meaning as ascribed thereto in the LOI Announcement.

SGX Query 1:

It was stated in the announcement that Mr Goh’s resignation was due to other work commitments. Are there any concerns raised by Mr Goh or disagreement with the Board; and are there any other reasons for his resignation?

Company’s Response:

The Board is not aware of any concerns or disagreements between Mr Goh and the Board or any other reasons for Mr Goh’s resignation.

SGX Query 2:

As announced on 8 Sept 2021, the Company is currently left with an Executive Director (Ms Christine Liu Yang) and an Independent Director (Mr Tan Siok Sing Calvin) and does not meet the requirement under Catalist Rule 704(3) in relation to having at least 3 members in its Audit Committee.

(a) Please update shareholders on the Company’s plans to comply with Catalist Rule 704(3)? Please provide the status and timeline of such plans.

Company’s Response:

As announced on 8 September 2021, the Proposed Investment will enable the Company to resolve the outstanding debts owed to its creditors via a proposed scheme of arrangement. The Company had previously provided a letter of undertaking to its Sponsor and the SGX-ST that should the Proposed Investment materialise, the Company will work towards rectifying all past/ongoing breaches, including the Catalist Rule 704(7). Following the completion of the Proposed Investment and the successful implementation of the scheme of arrangement, the Company will be seeking to appoint new independent directors to satisfy the minimum number of directors to be appointed to the audit committee.

The Company will provide an update on the timeline of such plans, in consultation with its professional advisers, after the entering into Definitive Agreements with the Potential Investor.

SGX Query 3:

It was announced that the Proposed Investment of S\$2.0 million would be utilised to pay the creditors under the Scheme, repay all preferential debts and discharge all other debts.

- (a) What are the Group's current total debts?
- (b) Is the S\$2.0 million sufficient to distinguish all the Group's debts and address the Group's going concern issue?
- (c) The Company has not issued its financial statements for FY2019, FY2020 to 1H2021, annual reports and sustainability reports for FY2019 and FY2020, nor hold its AGM for FY2019 and FY2020.
- Please update shareholders on the Company's plans to comply with the financial reporting and AGM requirements.
- (d) We note that the Company was undergoing debt restructuring and the Court-granted moratoria had expired on 30 June 2021. Please update shareholders on whether the Company has applied to the Court to extend its moratoria, and if so, whether extension has been granted.

Company's Response:

- (a) Based on the Company's records, as at 31 May 2021, the debts owed by the Company and Kin Xin Engineering Pte Ltd ("**Kin Xin**", and together with the Company, "**Group**") were approximately S\$62.5 million and S\$47.0 million, respectively.
- (b) As stated in the LOI Announcement, the Proposed Investment is only in respect of the Company and will not include the Company's subsidiaries. The Subscription Consideration for the Proposed Investment shall be utilised to pay the Company's unsecured creditors on a *pari passu* basis, to pay its preferential debts in full and to partially discharge certain excluded debts of the Company, which will also be repaid by the allotment and issue of New Shares.

If the Proposed Investment were to come to fruition and the Company is able to successfully resolve all of its debts pursuant to a scheme of arrangement, the Company will be able to continue as a going concern.

Kin Xin is currently experiencing financial difficulties. Without an investment from a potential investor or the resolution of its debts, Kin Xin will not be able to continue as a going concern.

- (c) As stated in the Company's announcement dated 15 July 2020, the Company will endeavour to issue its sustainability report, complete the audit, issue the audit report and hold the annual general meeting ("**AGM**") for the financial year ended 31 December 2019 ("**FY2019**") as soon as it is in a position to do so. The Company presently lacks the financial resources to prepare its financial statements for FY2019, the financial year ended 31 December 2020 ("**FY2020**") and the half-year ended 30 June 2021 ("**1H2021**"), annual reports and sustainability reports for FY2019 and FY2020, nor to hold its AGM for FY2019 and FY2020. As mentioned in the Company's response to SGX Query 2 set out above, the Company had previously provided a letter of undertaking to its Sponsor and the SGX-ST that should the Proposed Investment materialise, the Company will work towards rectifying all past/ongoing breaches.

The Company is pursuing the Proposed Investment with the Potential Investor and the Temporary Financing provided by the Potential Investor will provide the financial resources for the Company to prepare and issue its financial statements, annual reports and sustainability reports and convene the AGM as part of the implementation of the Proposed Investment. The Company will endeavour to issue its sustainability reports, annual reports and convene the AGM as soon as it is in a position to do so.

- (d) The moratoria expired on 30 June 2021. If it becomes necessary to seek moratorium protection against legal proceedings commenced by creditors against the Company to pursue the Proposed Investment, the Company will apply to the Court for a moratorium. The Company will make the appropriate announcements should there be updates in this regard.

SGX Query 4:

It is stated that the Proposed Investment is only in respect of the Company and will not include the Company's subsidiaries. Please elaborate on the implications of this. What are the Potential Investor's plans for the Company's subsidiaries?

Company's Response:

As currently envisaged under the Letter of Intent, the Proposed Investment does not include the Company's subsidiaries. The Potential Investor is interested to pursue an investment into the Company but not its subsidiaries. There are no plans put forth by the Potential Investor with respect to the Company's subsidiaries. Without an investment from a potential investor or the resolution of its debts, Kin Xin will not be able to continue as a going concern.

SGX Query 5:

It is the intention of the Potential Investor, through the Proposed Investment, for the Company to be a reliable supplier of building materials and supplies for the Singapore construction industry. The Potential Investor shall inject new businesses into the Company or its subsidiaries, but the Proposed Investment is not intended to be a reverse take-over ("RTO") of the Company.

- (a) **Who are the shareholders and directors of the Potential Investor?**
- (b) **It is announced that the Potential Investor is in the business of provision of management consultancy services. Please provide more information on the background and track record of the Potential Investor.**
- (c) **What is the area of management consultancy services provided by the Potential Investor?**
- (d) **Please elaborate on the intention for the Company to be a reliable supplier of building materials and supplies for the Singapore construction industry. Has a target been identified? What does this proposed new business entail? What is the Potential Investor's role in the new business? How would the Proposed Investment help to achieve this? What are the milestones to achieve this?**
- (e) **How did the Potential Investor come to know of the Company?**
- (f) **What due diligence did the Board perform on the Potential Investor?**

Company's Response:

- (a) Based on information provided by the Potential Investor, as at the date of the signing of the Letter of Intent and the date of this response, the director and shareholder of the Potential Investor is Mr Wu Yongqiang.
- (b) The following information is provided by the Potential Investor and has not been independently verified by the Company, its Sponsor and/or the Company's advisers.

Based on information provided by the Potential Investor as well as publicly available information, the Potential Investor is a Singapore incorporated company, incorporated on 9 June 2020, with a paid up capital of S\$1.0 million. The Potential Investor was founded by: (i) Mr Wu Yongqiang and; (ii) Mr Chin Teck Oon, an Executive Director and Chief Executive Officer of a company listed on the Mainboard of the SGX-ST. Since August 2021, Mr Chin Teck Oon ceased to be a director of the Potential Investor.

The Potential Investor provides strategic business advice and guidance to support the growth of businesses and companies through the extensive business experience, expertise and connections of its director. The director of the Potential Investor is a seasoned businessman with extensive experiences, expertise and connections in various industries, such as food, construction and real estate, and has a track record in owning, running, advising and ultimately growing, varied businesses and companies, both in Singapore and the People's Republic of China. More recently, Mr Wu Yongqiang was appointed an advisor to a company listed on the Mainboard of the SGX-ST.

Mr Wu Yongqiang also invests in the Singapore equity market in his personal capacity.

- (c) Please see the Company's response to SGX Query 5(b) above.
- (d) As stated in the LOI Announcement, upon entering into the Definitive Agreements, the Potential Investor will leverage on its pre-existing network and connections within the construction industry to assist the objective of the Company to become a reliable supplier of building materials and supplies for the Singapore construction industry. It is envisaged that the Potential Investor will introduce to the Company opportunities and/or leads to contract for the supply of building materials and supplies. The Potential Investor is merely an introducer and not a party to such potential transactions and no fees will be paid to the Potential Investor in respect of any introductions made by the Potential Investor to the Company. The new business would be carried out by a newly incorporated subsidiary in Singapore, and in furtherance of the Group's current principal line of business as a service provider in the Singapore construction industry.

The Board is unable to disclose further information at the present juncture as foregoing is still subject to further negotiations between the Company and the Potential Investor. The Company will make further announcements to update its shareholders on the new businesses when there are material developments in this regard.

- (e) The director of the Potential Investor, Mr Wu Yongqiang, had approached the Chief Executive Officer of the Company directly without any third-party intermediary through their business networks.
- (f) As the Proposed Investment is a subscription of shares in the capital of the Company by a private investor, the due diligence performed on the Potential Investor by the Company is limited.

The Board has relied on publicly available information on the Potential Investor, including ACRA Bizfile searches, and information provided by the Potential Investor. The Company has been dealing with and communicating with the director of the Potential Investor since the beginning of

the negotiations for the Letter of Intent. The information obtained by the Company on the Potential Investor have not been verified by the Company, its Sponsor and/or the Company's advisers.

The Company had received written confirmation that the Potential Investor does not hold any shares in the Company and has no connection with the Company, its directors and substantial shareholders. The Board also confirmed separately on 8 September 2021 that each of the directors is not related to the Potential Investor and Mr Wu Yongqiang.

The Potential Investor has also provided a S\$400,000 cashier's order as a show of commitment and credibility in relation to the Proposed Investment.

SGX Query 6:

In consideration of the Proposed Investment, the Potential Investor shall be issued new shares in the Company such that it holds at least 70% of the enlarged share capital and current shareholders will end up with 8% of the enlarged share capital.

- (a) How did the Board arrive at the value of the shares to be issued to the Potential Investor in view that the Company's shares are currently suspended and the Company has not been releasing its latest financial results?**
- (b) What did the Board consider in agreeing to the Potential Investor holding 70% in the Company and having the right to appoint 2 directors, in exchange for S\$2 million?**

Company's Response:

- (a) As stated in the LOI Announcement, the Letter of Intent envisaged that the Potential Investor shall be issued at least 70% of the enlarged share capital of the Company in consideration of the Subscription Consideration. These are terms offered by the Potential Investor and not proposed the Board. The value of the shares to be issued to the Potential Investor has not been determined and is to be agreed between the Potential Investor and the Company after the entry into the Definitive Agreements. The Company also wishes to highlight that the Potential Investment would be subject to the requisite regulatory approvals and approvals from the Company's shareholders and creditors. In this regard, the Company will, at the appropriate juncture, engage a qualified independent financial adviser to advise on the terms of the Proposed Investment for the purpose of seeking a whitewash waiver from the Securities Industry Council of Singapore.
- (b) Given the Company's financial difficulties, the Board is of the view that the Company is likely to be placed in liquidation if the Proposed Investment does not materialise. The Board took into consideration the better recovery rate that the Proposed Investment by the Potential Investor will provide the Company's creditors as opposed to liquidation. Compared to a liquidation scenario, the Proposed Investment will allow the Company to continue as a going concern, providing greater returns to its creditors and shareholders as compared to liquidation. In respect of the Potential Investor's request to be entitled to appoint two directors as its own representatives, the Board took into consideration that the Potential Investor will be issued at least 70% of the enlarged share capital of the Company upon completion of the Proposed Investment. As stated in the Company's response to SGX Query 6(a) above, the Potential Investment would be subject to the requisite regulatory approvals and approvals from the Company's shareholders and creditors, and the Company will, at the appropriate time, engage a qualified independent financial adviser to advise on the terms of the Potential Investment.

SGX Query 7:

The Potential Investor shall be entitled to appoint two directors to the board of directors of the Company as representatives of the Potential Investor upon completion of the Subscription.

- (a) **The Proposed Investment is to be used to settle and discharge the Company's debts. However this is subject to, amongst others, approval by the Scheme creditors. There is also no clarity on the proposed new business as no agreements have been entered into and no details are provided.**
- **What did the Board consider in entering into the Letter of Intent on the Proposed Investment, and the rationale for the Potential Investor to appoint 2 directors on the board of the Company.**
 - **Why is this in the best interest of the Company and its shareholders?**
- (b) **Considering the Company's current financial condition, please clarify if the injection of new business will be a Very Substantial Acquisition ("VSA") or RTO under Rule 1015.**
- (c) **Please note that the Sponsor and Board must assess the Proposed Investment and any subsequent injection of new business / assets and determine if they should be aggregated as if they were one transaction. Pursuant to Catalist Rule 1005, the Exchange retains the discretion to determine if the aggregation is correctly applied and / or to direct the sponsor to aggregate the transactions.**
- (d) **Has Company appointed professionals to advise on the injection of new businesses? Please name the professionals. Who has been advising the Company on the Proposed Investment and incoming new business?**

Company's Response:

- (a) Please see the Company's response to SGX Query 6.
- (b) The Board wishes to clarify that the "Injection of new businesses" as stated in the LOI Announcement is not an injection of business assets, shares or companies that belong to the Potential Investor. As stated in the LOI Announcement, the Potential Investor shall use reasonable endeavours to procure the injection of new businesses into the Company or its subsidiaries. As clarified above in the Company's response to SGX Query 5(d), the Potential Investor is merely an introducer of business opportunities to the Company, and is not a party to such business opportunities. Therefore, there is no "acquisition" of assets and the Board does not view the "Injection of new businesses" as a VSA or RTO. The Company will engage in discussions with its Sponsor at the material times on the injection of the new businesses and the applicability of all relevant Catalist Rules.
- (c) The Company is aware that the Sponsor and the Board must assess the Proposed Investment and any subsequent injection of new business / assets and determine if they should be aggregated as if they were one transaction. The Company is also aware that pursuant to Catalist Rule 1005 the Exchange retains the discretion to determine if the aggregation is correctly applied and / or to direct the Sponsor to aggregate the transactions. The Company and will consult the SGX RegCo, through its Sponsor, to comply with its listing obligations, if necessary.

As mentioned in the Company's response to SGX Query 7(b) set out above, no business assets, shares or companies are contemplated to be injected into or acquired by the Company at this juncture. If the SGX-ST exercises its discretion to aggregate any transaction or if the Potential Investor injects any business asset, shares or companies into the Company in the future, the Company will at that time comply with any direction given by the SGX-ST and/or make the necessary disclosures and seek the necessary approvals in accordance with the Catalist Rules.

The Sponsor also notes and is aware that it must assess the Proposed Investment and any subsequent injection of new business / assets and determine if they should be aggregated as if they were one transaction.

- (d) The incoming new business is considered a commercial transaction to be decided by the Board and management of the Group at the material times. Hence, the Company has not appointed professionals to advise on the incoming new businesses. The Company has appointed KordaMentha Pte Ltd as its financial advisor and Drew & Napier LLC as its legal advisor in respect of the Proposed Investment and the Company's debt restructuring.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

LIBRA GROUP LIMITED

Christine Liu Yang

Chief Executive Officer and Executive Director

13 September 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lay Shi Wei, Registered Professional, RHT Capital Pte. Ltd. at 6 Raffles Quay, #24-02, Singapore 048580, sponsor@rhtgoc.com.